

IN THE CLAIMS

Please add new claims 9 – 38 as follows:

9. (New) A method for impounding escrow funds from credit/debit card transactions of a merchant by an electronic funds processor (EFP), the method comprising the steps of:

receiving an authorization for payment from one of a plurality of credit card issuers for each of one or more credit/debit card transaction authorization requests submitted by the merchant;

determining an escrow portion of the payment for each authorized transaction of the merchant;

storing information about the escrow portion for each authorized transaction of the merchant;

receiving a request from the merchant for payment for one or more of the authorized transactions;

determining an escrow amount from the stored information; and

crediting an escrow account of the merchant with the escrow amount.

10. (New) The method of claim 9, further comprising the step of crediting a merchant account with a net credit representing a sum of payments due for the one or more credit/debit card transaction authorization requests less the escrow amount.

11. (New) The method of claim 10, wherein the net credit credited to the merchant account is further reduced by the amount of a service fee specified by a credit card issuer authorizing the one or more authorized transactions.

12. (New) The method of claim 10, wherein the net credit credited to the merchant account is further reduced by the amount of a service fee specified by the EFP.

13. (New) The method of claim 9, wherein the escrow amount is reduced by the amount of a service fee specified by an escrow account provider.

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14. (New) The method of claim 13, wherein the escrow account provider is selected from one of the EFP, a merchant bank and other credit card transaction processors.

15. (New) The method of claim 9, wherein the escrow portion represents a tax owed with respect to a cardholder transaction associated with the requested payment.

16. (New) The method of claim 15, wherein the tax owed is determined as a function of a tax rate for a tax jurisdiction identified to the cardholder transaction.

17. (New) The method of claim 16, wherein the tax rate is associated with at least one of a sales tax schedule, a value-added tax schedule and a garnishment schedule.

18. (New) The method of claim 17, wherein the tax rate is increased by a predetermined amount over the tax rate of a jurisdiction to facilitate payment of back taxes.

19. (New) The method of claim 9, wherein the escrow account is a merchant savings account.

20. (New) The method of claim 9, further comprising the steps of:
determining from an authorization for payment that the payment is exempt from impounding escrow funds; and

determining the escrow portion of the exempt payment to be nil.

21. (New) The method of claim 13, further comprising the step of providing the information about the escrow portion to at least one of the merchant and the escrow account provider.

22. (New) The method of claim 21, wherein the information about an escrow portion is provided in combination with a sales draft.

23. (New) The method of claim 9, further comprising the step of providing escrow account information to the merchant via a secure web site.

24. (New) A method for impounding escrow funds from cash transactions of a merchant by an electronic funds processor (EFP), comprising the steps of:
receiving a cash transaction report from the merchant;

determining an amount for deposit in a merchant escrow account based on the cash transaction reporting message;

debiting the deposit amount from merchant funds; and

crediting the merchant escrow account with the amount for deposit.

25. (New) The method of claim 24, wherein the merchant funds are debited from a merchant bank account.

26. (New) The method of claim 24, wherein the cash transaction report is provided by the merchant via a merchant credit/debit transaction terminal, and authorized by at least one of a cash transaction tax debit card and a personal identification number (PIN).

27. (New) A method for impounding escrow funds of a merchant by an escrow account service provider, the method comprising the steps of:

receiving a credit of escrow funds from an electronic funds processor (EFP), the credit identifying a merchant and a transaction period;

depositing the credit in an escrow account for the merchant;

determining an escrow payment schedule for the merchant to one or more entities; and

debiting the escrow account to make a payment according to the schedule.

28. (New) The method of claim 27, wherein the one or more entities includes one or more tax agencies.

29. (New) The method of claim 27, wherein the one or more entities includes a service provider providing a merchant savings account.

30. (New) The method of claim 27, further comprising the step of:

debiting an escrow account service fee from the merchant escrow account.

31. (New) The method of claim 27, further comprising the step of:

providing escrow account information to at least one of the merchant and a tax authority.

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cont.

32. (New) The method of claim 31, wherein the escrow account information includes at least one of gross sales, sales tax collected, sales tax paid and net sales for the merchant.

33. (New) The method of claim 32, wherein the escrow account information is provided for one or more predetermined time periods.

34. (New) The method of claim 33, wherein the predetermined time period is one of monthly and quarterly.

35. (New) The method of claim 32, wherein the information is provided to the merchant at a merchant terminal.

36. (New) The method of claim 32, wherein the information is provided in a sales draft.

37. (New) The method of claim 32, wherein the information is provided to the merchant via a secure web site.

38. (New) The method of claim 28, wherein the transaction period is one of daily, monthly and quarterly.

R E M A R K S

Claims 1-8 are currently pending in the application. With this Amendment, Applicants add new claims 9 - 38. No new matter has been added.

Attached hereto is a marked-up version of the changes made to the specification and claims by the current amendment. The attached page is captioned "Versions with markings to show changes made."